

HOUSE BILL 1212

By Wirgau

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 8, Part 3; Title 67, Chapter 8, Part 4 and
Title 67, Chapter 8, Part 5, relative to the
inheritance tax.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-8-304(3), is amended by deleting the subdivision in its entirety and by substituting instead the following:

(3)

(A) Transfers made by gift of the decedent to the extent of the value of any interest in property transferred, by trust or otherwise, during the three-year period ending on the date of the decedent's death, except as otherwise provided by subdivision (3)(B). Property for purposes of this subdivision (3)(A) shall include any property specified in § 67-8-303. The value of the property on the date it was transferred, less the exemptions provided for under § 67-8-104, shall be includable; provided, that the transfer of a life insurance policy shall be includable at its proceeds value on the date of death without regard to the policy's value on the date of transfer or the exemptions provided for under § 67-8-104. In addition, any Tennessee gift tax paid on the transfer of any interest in property taxable under this part or parts 4-5 of this chapter shall be a credit against any inheritance tax payable under this part or parts 4-5 of this chapter. The amount of the gross estate, determined without regard to this sentence, shall be increased by the amount of any tax paid under part 1 of this chapter by the decedent or the decedent's estate on any gift made by the decedent or the

decedent's spouse after December 31, 1978, and prior to January 1, 2012, during the three-year period ending on the date of the decedent's death.

(B) Subdivision (3)(A) shall not apply to any transfers made by gift of the decedent on or after January 1, 2012. This subdivision (3)(B) shall not be construed to absolve liability for any tax duly imposed by this part or parts 4-5 of this chapter, during any year that began prior to January 1, 2012.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to all estates of decedents dying on or after January 1, 2012.